DOCUMENT RESUME

ED 345 371 EA 023 963

AUTHOR	Fuhrman, Susan H.; And Others
TITLE	South Carolina's Flexibility through Deregulation Program: A Case Study.
INSTITUTION	Consortium for Policy Research in Education, New Brunswick, NJ.
SPONS AGENCY	Office of Educational Research and Improvement (ED), Washington, DC.
REPORT NO	CPRE-RRS-TC-007
PUB DATE	Apr 92
CONTRACT	G-008690011; R117G10007
NOTE	31p.
AVAILABLE FROM	CPRE, Eagleton Institute of Politics, Rutgers, State University of New Jersey, New Brunswick, NJ 08901-1568 ($7 prepaid).
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	*Case Studies; *Educational Change; Elementary Secondary Education; Principals; *School District Autonomy; *State Legislation; *State School District Relationship; Surveys
IDENTIFIERS	*Deregulation; *South Carolina

ABSTRACT

To foster high quality education, some states are treating districts differently, reserving a heavy hand for some and granting more flexibility and regulatory freedom to others. South Carolina was the first state to enact a flexibility program granting blanket waivers, or wide-scale exemptions from whole categories of education regulations, to a certain group of high-performing schools. The state's Flexibility through Deregulation program is part of a Target 2000 reform package enacted in 1989. This case study examines the effectiveness of South Carolina's flexibility program, drawing from a review of state and federal documents, interviews with state-level policymakers, and a survey conducted by the Consortium for Policy Research in Education. In September 1990, questionnaires were mailed to principals of all schools then qualifying for the deregulation program. Out of 125 surveys mailed, 70 principals responded, for a 56 percent response rate. Following a brief introduction, subsequent sections discuss the evolution of state reform efforts, specific program provisions, other deregulation provisions contained in Target 2000, the future of education reform, and issues for further research. Many schools undertook significant changes resulting from deregulation. Smaller schools seemed more adventurous in their experimentation, and the district's role was helpful in providing expectations and/or assistance. Comparisons of deregulation approaches suggests that few schools were taking advantage of rule-by-rule waivers, but many reported changes in the wake of blanket waivers. (14 references) (MLH)

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CONSORTIUM FOR POLICY RESEARCH IN EDUCATION

South Carolina's Flexibility through Deregulation Program:

A Case Study

Susan H. Fuhrman
Patricia Fry
Richard F. Elmore

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April 1992

CPRE Research Report Series TC-007

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Abstract

As the 1980s drew to a close, many education reformers were looking for ways to shift the focus from setting minimum requirements to fostering high quality. One strategy that has been gaining interest is that of treating districts differently, reserving a heavy hand for some, providing more flexibility and regulatory freedom for others.

South Carolina was the first state to formally enact a flexibility program that grants blanket waivers, or wide-scale exemptions from whole categories of education regulations, to a certain group of schools (in this case, those deemed high performing). The state's Flexibility through Deregulation Program is part of a reform package called Target 2000 that was enacted in 1989. In addition to the deregulation program, Target 2000 contains other programs that allow flexibility. In late 1990, South Carolina was considering ways to expand its flexibility program to additional schools.

As with any new or modified approach to education reform there are many questions about the effectiveness of flexibility and deregulation programs. How will the programs translate into practice in local schools and districts? Will the programs actually lead to school innovation? What effects will they have on administrators, teachers, and students? How will roles and relationships among state education agencies, districts and schools be affected?

To search for answers to some of these questions the Consortium for Policy Research in Education (CPRE) has been examining different approaches to education reform in several states. This case study reports on the development and initial implementation of South Carolina's Flexibility through Deregulation Program.

The case study draws from a review of state and federal documents and interviews with state-level policymakers which began in November 1989. Follow-up interviews were conducted in March 1991. The study also draws from a survey conducted by CPRE with cooperation from the South Carolina Department of Education, Division of Public Accountability. Questionnaires were mailed in September 1990 to principals of all schools then qualifying for the deregulation program. These schools were overwhelmingly elementary (72 percent) and had a mean enrollment of 660 students. A total of 125 surveys were mailed; 70 principals responded, providing a response rate of 56 percent. Further information was gained from March 1991 interviews with principals in 10 eligible schools and 3 ineligible schools in three districts, and interviews with central office and state agency personnel.

The case study is introduced with a brief discussion of the setting and structure of public education in South Carolina. Following sections discuss:

- the evolution of reform efforts in the state, particularly the Education Improvement Act of 1984 and the 1989 package—Target 2000—which includes the Flexibility through Deregulation Program;

- specific provisions of the Flexibility through Deregulation Program and school responses to the program;

- other deregulation provisions contained in Target 2000; and

- the future of education reform in South Carolina and issues for further research.

Target 2000's Flexibility through Deregulation Program eliminated large segments of basic regulation for the highest performing schools. Many of these schools undertook significant changes as a result of deregulation. In creating interdisciplinary courses, multi-age groupings and other new approaches, principals of the deregulated schools found the absence of regulation stimulating and liberating. However, many made changes after deregulation that in fact would have been possible in the past.

There is some evidence that smaller schools were more adventurous in their experimentation and that the role of the district is important in providing expectations and/or assistance.

Target 2000 also includes competitive grants that incorporate rule-by-rule waivers; in 1990, South Carolina's State Board made deregulation available to non-reward winners on an approval basis.

Comparisons of the various approaches to deregulation suggest that few schools were taking advantage of rule-by-rule waivers but many reported changes in the wake of blanket waivers, which exempt schools from a set of rules at once. Early experience suggests that the stimulus provided by the blanket program offers more promise than rule-by-rule approaches in stimulating innovation.

This paper is one of four case studies dealing with different approaches to regulation of schooling. Each case study was designed either to be used separately or in conjunction with *Takeover and Deregulation: Working Models of New State and Local Regulatory Relationships* by Susan H. Fuhrman and Richard F. Elmore.

The basic facts of the separate cases are incorporated into the analytical paper. However, the cases include little explicit analysis, and are as descriptive as possible. Therefore, the cases may be used to provoke independent analysis and discussion of regulatory issues. For information on obtaining these papers, please see the inside cover of this publication.

Acknowledgements

The authors would like to thank Bob Paskel and Mike Turner, then of the South Carolina State Department of Education, for their assistance with the survey conducted for this study. They would also like to thank the survey respondents. The support of current state government and state education department leadership for CPRE's continuing research is much appreciated. Diane Massell collected and summarized much of the background data for our research and Carolyn Herrington provided helpful comments on an earlier draft of this paper.

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Dr. Elmore is senior author and editor of *Restructured Schools: The Next Generation of Education Reform* (Jossey-Bass, 1990) and co-author of *Steady Work: Policy Practice and Reform in American Education* (RAND Corporation, 1988). He has held positions previously at Michigan State University, the University of Washington, and the Office of the Secretary of Health, Education and Welfare of the Federal government. He is president of the Association for Public Policy and Management and a member of the Committee on Child Development of the National Research Council and the National Academy of Science.

Introduction

The early to mid-1980s saw an unprecedented level of state education policymaking. The most popular reforms enacted during that period were those that set standards in areas such as minimum high school course requirements, teacher and student testing programs, and teacher certification procedures. But as the decade drew to a close, many reformers were looking for ways to shift the focus from minimum requirements to high quality.

One strategy that has been gaining interest is that of treating districts differently, reserving a heavy hand for some, providing more flexibility and regulatory freedom for others.

State differential treatment is not new. As reported by Fuhrman (1989),[1] traditional approaches include formula or project grants that benefit some districts more than others; technical assistance and oversight efforts that reach some districts more than others; and selective administrative waivers from compliance requirements. But more recently, state policies have begun to place more emphasis on treating districts differently based on their performance. These newer approaches include (1) performance-based accreditation; (2) rewards and sanctions related to various levels of performance; (3) targeted assistance to low-performing districts; and (4) flexibility or deregulation to support innovation.

South Carolina was the first state to formally enact a flexibility program that grants blanket waivers, or wide-scale exemptions from whole categories of education regulations, to a certain group of schools (in this case, those deemed high performing). The state's Flexibility through Deregulation Program is part of a reform package called Target 2000 that was enacted in 1989. In addition to the deregulation program, Target 2000 contains other programs that allow flexibility. In late 1990, South Carolina was considering ways to expand its flexibility program to additional schools.

Flexibility programs and/or other differential treatment approaches are likely to gain popularity as states try to figure out how to meet growing challenges to improve education while at the same time more effectively targeting limited resources. For example, a January 1992 news article reported that Texas was planning to give 82 schools freedom from some state school regulations as part of a plan to improve achievement scores in certain student groups. According to the article, Texas Education Commissioner Lionel Meno said the 82 schools are part of an effort to "achieve excellence and equity in students' performance through reduced regulation and increased flexibility."[2]

As with any new or modified approach to education reform there are many questions about the effectiveness of flexibility and deregulation programs. How will the programs translate into practice in local schools and districts? Will the programs actually lead to school innovation? What effects will they have on administrators, teachers, and students?

How will roles and relationships among state education agencies, districts and schools be affected?

To search for answers to some of these questions the Consortium for Policy Research in Education (CPRE) has been examining different approaches to education reform in several states. This case study reports on the development and initial implementation of South Carolina's Flexibility through Deregulation Program.

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The next section of this paper briefly discusses the setting and structure of public education in South Carolina. The third section discusses the evolution of reform efforts in the state, particularly the Education Improvement Act of 1984 and the 1989 package—Target 2000—which includes the Flexibility through Deregulation Program. The fourth section discusses the specific provisions of the deregulation program and school responses to the program. The fifth section briefly describes other deregulation provisions contained in Target 2000. The concluding section addresses the future of education reform in South Carolina and suggests issues for further research.

The Setting and Background

South Carolina has a population of 3.5 million and is one of the poorest states in the nation. In 1987, 16.6 percent of its population was below the poverty level; only eight other states had higher proportions of poverty.

There are 91 school districts in the state, largely organized around counties. The largest district is Greenville with over 50,000 students and the smallest is Marion, with about 600 students.

In 1990, South Carolina public schools enrolled 631,933 students; 1988-89 figures estimated African-Americans and other minorities made up 47.5 percent of the student body, and approximately 40 percent of students were eligible for free or reduced lunch programs. Average per pupil expenditures were $3,465 in 1988-89, a figure that ranked the state 42nd in the nation. About one-third of the state budget is spent on education, a figure which has remained fairly steady.[3]

Education reform efforts in South Carolina have faced great challenges. In addition to its high level of poverty, over the years the state has scored consistently last or near last on a variety of measures. In 1980, 54 percent of the over-25 age group had a high school diploma, ranking the state last in the nation; it was 43rd among states in the percent of this age-group with four or more years of college. South Carolina scored 50th among the states on Scholastic Aptitude Tests. Teacher salaries consistently fell below the regional average.[4]

Motivated to improve the education achievement of its students, South Carolina has devoted substantial effort to education reform and has seen a high level of education policy activity for nearly 20 years.

In 1973, the state board of education approved the Defined Minimum Program (DMP) for South Carolina school districts which describes an acceptable educational program (in terms of facilities, personnel qualifications, instructional time, class sizes and subject offerings) required of all districts for accreditation. In 1977, the Education Finance Act, aimed at equalizing and enhancing education expenditures, was passed. In 1978, the Basic Skills Assessment Act (BSAP) insured the use of diagnostic testing in certain grades to determine skill mastery in reading, mathematics, and writing. The Educator Improvement Act of 1979 increased standards for prospective teachers and established a teacher evaluation program.

South Carolina's most comprehensive education reform came in 1984 with the passage of the Education Improvement Act (EIA). The EIA is noted for its multi-faceted attack on educational problems; its emphasis on raising the floor of achievement

distribution through a combination of mandates and funding; and the political process surrounding its enactment and implementation.

In 1989, state legislators enacted a reform package—Target 2000. This legislation includes several provisions that allow waiving of certain regulations, as well as the program that is the focus of this case study: the Flexibility through Deregulation Program.

The Evolution of South Carolina Education Reform

While the passage of the 1984 Education Improvement Act represented a massive reform undertaking, it was only part of a process which evolved into South Carolina's current approach to regulating schooling. This section looks at the development and implementation of the EIA and the later legislation—Target 2000.

The Education Improvement Act

The emphasis of the Education Improvement Act was on raising the minimum achievement level in the state. Like reforms enacted in many states during the mid-1980s, the EIA raised standards for students and teachers through higher requirements and more testing and/or evaluation.[5] But the EIA was more comprehensive than most other state efforts.

The EIA included a new, basic skills high school exit examination; promotion requirements tied to BSAP testing; and remediation programs for those not meeting BSAP standards. It also included a program for disadvantaged four-year olds, mechanisms for monitoring progress, and provisions for state intervention in "seriously impaired" districts. School incentives were designed to reward gains in achievement that were large relative to similar schools even if the level of performance remained low.[6] These provisions reflected serious concern about education in South Carolina, where 40 percent of first graders were deemed unprepared to start learning and only 68 percent of all students were surviving to 12th grade. Further, among the lower achieving students were many minority students who were performing less than half as well as their white peers in BSAP testing.

According to then Governor Richard Riley, the EIA was designed to begin reversing the effects of years of segregation which denied students adequate education--and to remedy the resultant cycle of low self-esteem and low expectations.[7] Many policymakers believed that black students particularly suffered in a number of white-governed school districts whose leadership sent their own children to private schools and kept local taxes at a minimum. For such places the standards provisions of EIA were deemed to be especially important.

For districts and schools where capacity, rather than willingness to support public education, was the issue, EIA brought more funding, support for early intervention, parenting education and other programs designed to assist schools bolster achievement. EIA represents a well-integrated set of provisions that reinforce one another in focusing on raising minimum performance.

The political process surrounding EIA's development, passage and implementation accounts in large measure for its coherence as a reform approach. Led by Governor Riley, the campaign to develop and enact EIA was very open, involving stakeholders and citizens in large numbers. It was also orchestrated to build and maintain consensus around its central themes.

The governor and Superintendent of Education Charles Williams appointed two high-level committees that included 61 prominent South Carolinians. The Business, Legislative and Education Partnership Committee and the Committee on Financing Excellence in Public Education worked together to develop the reform proposals and to examine funding options. It was determined that a penny increase in the sales tax would be the mechanism for financing the reform. To conquer the opposition from organized taxpayer and merchant groups and to win citizen support, the governor's office launched a massive grass-roots campaign while the committees were still crafting the reform package. Public forums were held throughout the state and suggestions of citizens were fed back to the committees; an opinion poll showed that the public would support a tax increase specifically dedicated to improving education; and reformers made changes necessary to gain support from key groups. Efforts to generate public backing continued once the committees reported. Finally, a bill encompassing the reforms was introduced into the legislature where proponents and the governor's team had to work hard to get first the plan and then the tax increase through.

Having generated backing for both reform and a tax increase over difficult odds, EIA's patrons took steps to assure that support would be maintained over time. The income from the penny tax increase was placed in a special trust fund to be used to keep EIA funding stable. A business education subcommittee, composed of members of the original reform committees, was established to monitor the reforms and recommend modifications as necessary. The subcommittee has 20 members, 10 from the business community, 6 from education, and 4 from the legislature; its executive is Terry Peterson, who was education assistant to former Governor Riley. The statute also created a division of public accountability within the state agency to evaluate EIA and issue annual reports on its implementation and effects. Further, it established a select committee of key executive and legislative leaders to oversee EIA's implementation.

Annual reports[8] and the deliberations of these various groups have kept public attention focused on reform. Citizens were regularly informed of implementation progress and effects and were continually reminded that the reforms would take time to bear full fruit. Policymakers were able to show their dedication to reform by serving on EIA oversight committees and commenting on the results shown in the mandated reports. As a consequence, no pressure was brought to follow EIA with other education reforms within its first five years of implementation. Instead, EIA was given time to work and its direction was maintained.

Annual reports on EIA progress indicated that gains were being made in the area most emphasized by the reform: basic skills. Between 1983 and 1989, the number of

students meeting minimum basic skills standards increased by 125,000; the number scoring significantly below acceptable reading and math standards decreased by more than 50 percent; and 31 percent more students were mastering the exit exam for graduation. However, policymakers began to wonder whether an approach focused on minimal standards was sufficient to improve overall performance in the state. In fact, a number of policymakers came to believe that Defined Minimum Program and EIA standards were holding back creative schools. The climate was right for pushing forward with further reform.

Target 2000

In 1988, State Superintendent Charles Williams appointed a 44-member task force made up of legislators, department representatives, gubernatorial representatives, and business leaders. The task force, headed by Bob Thompson, vice-president of public affairs for Springs Industries Inc., was asked to explore what could be done to continue education reform after the phase-in of the EIA was completed in 1989. After examining EIA's implementation and results for a year, the task force issued a report with 45 recommendations which served as a blueprint for new legislation enacted in June 1989—Target 2000.

Target 2000 had several components including the Flexibility through Deregulation Program—a blanket regulatory waiver provision for relatively high-performing schools. It also included the following components:

- *A school innovation competitive grant program* was established to encourage innovative, comprehensive approaches to improving student development, performance, and attendance. Schools are eligible for one-year planning grants of up to $5,000, and implementation grants of up to $90,000 for up to three years. Grantees are able to request waivers of regulations as part of their applications.

- *A dropout prevention program* was begun. The program enables a district or school to apply grant funding for a three-year dropout prevention project and to request waivers for the life of the program. Projects must incorporate one or more of the following approaches: parent training, parent involvement, mentors, enriched summer programs, interagency teams, individual plans, individual remediation, employment opportunities, and alternatives to suspension.

- *A voluntary half-day pre-kindergarten* was established for at-risk four-year-olds.

- *New standards for evaluating teachers and student teachers*, as well as adopting textbooks and instructional materials were established. A committee consisting of State department personnel, school district personnel, higher education representatives, and members of the state board of education must determine if evaluation and adoption procedures focus on higher-order thinking skills.

• *An arts-based curriculum* was developed to be pilot-tested in 1989-93 and subsequently adopted statewide. This curriculum is designed to encourage innovation and flexibility.

• *A goal of recruiting high-achieving minority students into the teaching profession* was set.

• *A leadership network* of representatives from the private sector was appointed to promote and evaluate business-education partnerships.

• A plan was developed for piloting and subsequent state-wide implementation of a *parent education program* for parents of newborn to five-year-old children. This program also includes developmental screening of children.

Several factors contributed to relatively smooth progress of Target 2000 through the legislature. First, the business community's leadership and the network used to build support for the EIA was resurrected with Target 2000. The continual positive publicity and documentation of the effects of the EIA created a supportive climate in the legislature for revisiting reform efforts. And finally, attention and interest group focus and debate were centered elsewhere—on a 25-year teacher retirement bill that was making its way through the legislature at the same time as Target 2000 and the budget.

The money for the reform package was actually appropriated before the act was passed. However, in the closing hours of the session, the legislation was almost lost. The Target 2000 bill and the appropriations bill were both in conference, and the appropriations bill was $12 million out-of-balance, the same amount of money appropriated to Target 2000. But business leader and task force chair Bob Thompson, in conjunction with the business lobby and with the coordination of senate education chair Nikki Setzler, were able to get to the leadership to save the appropriation and the substantive legislation.

The only public concern expressed during the enactment and initial implementation of Target 2000 was professional association objection to the waiver of certification regulations for librarians. In the end, librarians were treated no differently from other professionals; certification provisions were waived for eligible schools.

There was some concern about Target 2000 centered on funding. Unlike the EIA, Target 2000 had no dedicated funding, resting instead on yearly appropriations requested by the department. Some wondered why schools would apply for Target 2000 multi-year grants without the certainty of multi-year funding. In the first year, $570,000 was appropriated for implementation of Target 2000 and $1,500,000 was appropriated for grants.

The Debate over Deregulation

Despite the relative absence of debate over Target 2000, there were and still are contending positions in the state about the benefits and value of deregulation. Advocates of flexibility, such as Governor Campbell and Target 2000 task force chair Bob Thompson, argued that schools would improve if they had more flexibility in their operations. Other supporters of restructuring, including many business leaders, agreed.

Another argument in favor of flexibility rested on the belief that regulation had achieved all it was likely to in South Carolina. Regulation was needed to bring schools into the 20th century, but now it was time to move beyond minimal regulations.

On the other hand, to many policymakers, the top-down approach exemplified by EIA's standards is justified by the existence of persistently poor-performing, non-compliant schools and districts. These policymakers believed state regulations were necessary for the survival of schools in such districts, particularly the white-governed segregated districts referred to earlier. Policymakers often cited schools where a principal or superintendent has had to fall back on state regulations in order to get resources approved by local boards.

To reconcile the belief that controls remained necessary for some schools with the desire to foster creativity, policymakers limited the deregulation program to high-performing schools, to the best schools in comparison brackets developed and used for the EIA school incentive reward program. Since these were some of the best schools in the state, they were viewed least likely to abuse the flexibility granted.

Furthermore, other components of Target 2000 which had deregulatory aspects, the School Innovation Grants and the Dropout Prevention and Retrieval Program, were open to all schools on a competitive basis. Any school submitting a winning proposal, no matter the performance record, could be granted rule-by-rule waivers upon request.

Finally, the flexibility through deregulation program was viewed by some as a pilot. If successful schools used flexibility in promising ways, broad-based deregulation could be extended statewide. As a prominent policy advisor said:

> We didn't want to put all the eggs in one basket—we want to try a lot of different things. Also, there is a certain amount of uneasiness in making flexibility available to all schools without experimenting with it.

Those who were less enthusiastic about the promise of deregulation were concerned that school personnel would not be able to break out of the regulatory mindset to take advantage of new flexibility. It should be noted that South Carolina had an experimental programs policy for several years prior to Target 2000, under which it was possible for schools to obtain waivers from state regulations. However, the policy was rarely used.

Skeptics felt that the new deregulation programs would lead to no real differences in school organization or practice. Also, they worried about the lack of planning time for grant applicants and deregulated schools. The Target 2000 package was passed in June 1989 and innovative grant applications were due in December 1989. For the flexibility program, schools were chosen in January 1990 and were expected to implement changes in September 1990. According to a local educator,

> There [is] a feeling that things are moving too fast, and that we need more planning. . .the time structure doesn't really allow for a lot of planning so there will probably be some adjustments over time.

The Flexibility through Deregulation Program

South Carolina's Flexibility through Deregulation Program was the first in the nation to grant wide-scale exemption from whole categories of regulation to a group of schools. This section discusses the specific provisions of the flexibility program and describes how schools responded to the program during its initial months.

Provisions of the Law

If a school meets certain criteria during a three year period, it can be exempted from most provisions of the Defined Minimum Program (DMP), Basic Skills Act, and Remedial and Compensatory Program regulations. The criteria for flexibility are as follows: (1) the school has been a recipient of a school-incentive reward twice since 1987 (meaning it was high performing relative to schools similar in socio-economic statistics); (2) the school has met annual Normal Curve Equivalent (NCE) gain requirements for reading and mathematics compensatory programs; (3) the school has exhibited no recurring accreditation deficiencies in routine state department of education monitoring; and (4) the school has annually exhibited a school gain index value at or above the state average as computed in the school-incentive grant program. However, the local school board of the district containing the eligible school has the option to veto the school's participation in the flexibility program. If it does so within 60 days, deregulation status will immediately be removed and all statutory and regulatory requirements will again be in effect. If the board acts after 60 days have passed, deregulation status will be removed at the end of the calendar year.

In order to continue to receive flexibility, a school must annually exhibit a school gain index at or above the state average. A school that falls below this average due to extenuating circumstances such as natural disasters may apply for an extension of the flexibility status. A school that is removed from flexibility status will continue to be exempted from regulations until the beginning of the next school year.

Early on, the various state-level groups responsible for Target 2000 decided that health and safety regulations could not be waived under this or any other program. The regulations waived for deregulated schools primarily concern time use, class structure and staffing. For example, while a minimum six-hour day for elementary students is still mandated, requirements about maximum times for lunch and the circumstances under which activity periods count as instructional time are removed. The DMP regulations mandating minimum time allocations in subject areas are completely eliminated although instruction must be provided in each subject, and high school graduation course requirements remain in effect. Teachers must be certified, but not necessarily in the subjects to which they are assigned. Maximum class size requirements are removed.

Other provisions for schools participating in the flexibility program are:

- No on-site monitoring visits will be conducted.

If a school that qualifies for flexibility subsequently loses eligibility, it will not be monitored until one year after losing eligibility in order for it to re-implement any waived regulations.

- In lieu of monitoring visits, schools must provide written assurance of compliance with the remaining DMP standards and schools must submit programmatic information to the Basic Education Data System.

- Schools are not required to keep continuous assessment records (K-12) in reading, writing, or math for individual students although parent notification of potential failure and other related documentation requirements are still in effect.

- Schools must continue to maintain Student Accountability Rosters which "indicate that compensatory/remedial instruction is provided for all eligible students funded in grades 1-12."[9]

There were 125 schools eligible for participation in this program for the 1990-91 school year. None of the 44 districts used its veto option. In January 1991 another 39 schools were deregulated. Schools in the flexibility program do not receive any state monies for restructuring under the auspices of this program. They are however eligible to apply for other restructuring programs with grants attached to them.

School Response to the Flexibility Program

A survey[10] of principals in deregulated schools and on-site interviews with a subset of survey respondents reveals that a large number of schools appear to be taking advantage of their newfound freedom. As many as two-thirds were embarking on activities that principals view as related to deregulation.

Deregulated schools were integrating subjects, for example, by blending math and science or developing thematic units of study that draw on many disciplines. They were adding programs, such as additional art and music or foreign language in early grades. Some were developing ungraded primary schools for grades K-3, keeping students with the same teacher or team of teachers for several years. Several elementary schools were searching for ways of eliminating or limiting pull-out programs for remedial education through block scheduling that enlarges instructional groups for regular subjects but provides every child with small group time for either remediation or enrichment. Others were establishing special transition classes for students not ready for first grade. About a quarter of such activities involved adding new subjects to the curriculum. Another quarter

of the reported activities involved changes in the school day to provide either additional instructional periods or more planning time for teachers. Approximately one-sixth of the activities involved the organization of instruction, including the integration of subjects, team teaching, and multi-age classrooms.

Larger schools were more likely to add discrete subjects than to reorganize the whole curriculum or school day, but they were also more likely to be high schools which were still governed by graduation requirements and college entrance requirements and less influenced by deregulation of the DMP than elementary schools.

In general, schools did not appear to be using flexibility to cut down on paperwork as much as might be expected. Only nine percent of principals expected a great deal of relief from paperwork; less than half expected at least some relief. Some principals reported that no-longer required paperwork is done "primarily for statistical reasons;" others were concerned that the district or state may eventually want the records.

When asked what kept them from undertaking many innovations prior to deregulation, school principals cited the DMP time requirements requiring time in specific subjects. Those regulations specified the number of minutes to be spent in specific subjects. School personnel said that such extensive regulation may have been necessary for some South Carolina districts at some point in time, but the time requirements now hinder the development of interdisciplinary activities. As one associate superintendent put it,

> South Carolina has been one of the most prescriptive states in the nation with regard to what you do. I think a lot of that is tied back to many of those concerns related to the fact that we had a dual system of education. I think part of that came about for a very logical reason. All kids will have x number of minutes for reading and all kids will have x number of minutes for math.

Also seen as barriers were the DMP regulations related to class size which limit school flexibility in grouping. Those schools experimenting with block schedules designed to eliminate pull-out programs for compensatory education would move into higher class sizes for some subjects in order to make the small group enrichment/remedial experiences possible. In addition, DMP certification and paperwork/reporting requirements were seen as restricting.

However, about half the activities undertaken as a result of deregulation could have been undertaken prior to deregulation, according to principals in eligible schools. First, the activities could have been designed to comply with the DMP. For example, a principal in a non-deregulated school instituted parallel block scheduling in a way that caused class sizes in some subjects to rise to the 30:1 DMP limit but not above it. Second, principals could have applied for an experimental program waiver to undertake these activities prior to deregulation.

Nonetheless, over 70 percent of the activities reported by principals were not begun until after deregulation. The experimental program provision was seen as a hassle. One principal said, "It's a pain to reapply every year." Another said that "you don't hear about many people doing it." Furthermore, principals believe that there is a stimulus associated with deregulation, regardless of whether the specific activity in mind would have breached a requirement.

Some of the stimulus occasioned by deregulation appears to relate to mindset. As principals expressed it, horizons open up when the constraints are lifted. One reported, "When you have a defined minimum program, there's a philosophy that the minimum becomes the maximum; you do what you're told essentially." Another principal said:

> We never thought about this before deregulation. We were into the DMP. It was a mindset, and we never thought about applying for waivers. Now we're trying to do the maximum, not the minimum.

Two-thirds of principals contacted in the survey think schooling will improve because deregulation will mean better planning for students' needs. Planning can focus not on what was possible within routine patterns but on what is best for students. A principal explained that, "We're not doing anything directly related to deregulation, but it supports our planning, helps us move into integrated subjects without worrying."

Not only is deregulation a boost to planning centered on students, the occasion of flexibility may also be the reason for examining school program and organization. For many schools, it appears that the granting of deregulated status led to brainstorming and other planning activities that otherwise might not have occurred. One principal said, "It (flexibility) gives us an opportunity to take a good look at what we're doing."

Why was deregulation perceived as an opportunity for scrutiny and change? At least two reasons surfaced in discussions with principals. First, for some schools deregulation created a set of expectations—on the part of other educators, the public and the media—that the school had to innovate, had to take advantage of deregulation. For some principals the expectations were part of the pleasure that comes with the opportunity to win incentive rewards and gain recognition. Said one, "The importance of deregulation is feeling that this is something special, that others are looking to us to provide leadership." For others, the expectations were more stressful. For example, according to one principal, "Early on, we felt some pressure; people said 'What are you going to do now that you're deregulated?'"

Second, whether or not deregulation was perceived as an occasion for change is strongly related to district leadership. A little over half of principals in all the deregulated schools responding to our survey indicated that their districts were enthusiastic about deregulation; less than half (45 percent) felt that school board members were enthusiastic. By contrast, principals in schools undertaking one or more activities related to

deregulation were more inclined to see districts (almost 60 percent) and boards (55 percent) as enthusiastic supporters of deregulation. In addition, those undertaking activities such as restructuring the curriculum (e.g., integrating subjects) or the school day (e.g., changing class periods, providing more planning time) were more likely than those undertaking what might be perceived as less ambitious change (e.g., adding a subject or a program) to perceive strong support from the district.

Local support comes in many guises, from relaxing local requirements for those deregulated by the state (e.g., making recordkeeping requirements consonant with the loosened state rules) to actively pushing particular curricular innovations. According to a principal in one such activist district:

> Our district is pushing us to relate subject matter and integrating skills. All schools are participating in a course on restructuring, rethinking how we're doing things. We're all doing a lot of brainstorming. The schools that are not deregulated will have to apply for waivers.

And another in the same district said, "The district gives us tremendous support; it provides leadership regarding curriculum change and provides encouragement."

On the other hand, districts can constrain the enthusiasm with which schools respond to deregulation. Central office personnel and school boards might fear school change that threatens the reward status or success of eligible schools. And they might not want the deregulated schools to get too far out ahead of other schools. According to a principal who views his district as somewhat less than eager about deregulation:

> The central office, I would have to say, is as limiting as the board. Because if we lose deregulation they have to pull us back in. They do not want us too far away from where they can do the reeling. We have some very rigid people who would like not to do anything different than anyone else. They would like everything we do to be replicated so that they can take it to other schools.

While this principal was taking advantage of deregulation despite his perception of district hesitancy, other principals in the same district appeared reluctant to embark on change efforts. A district official in the same county sees the reluctance as more a function of principal leadership than of district willingness. "Some people need the regulations; they are not willing to assume accountability on their own." Another district official echoed this sentiment:

> The critical aspect is the principal. They make innovation a success or not. If principals don't catch vision, one can deregulate all day, but until someone catches a vision, nothing will occur.

This assessment is given some support by the fact that principals in schools not undertaking activities are more likely to cite a variety of barriers to change than those

who are making changes. Many principals—in active and nonactive schools—cite lack of money and time as barriers, but those not responding to deregulation cite more types of barriers and are more likely to report barriers as severe. In addition, factors that were not seen as restrictive prior to deregulation are now cited by some as constraining. For example:

> I want to use personnel differently—eliminate a half-time guidance counselor and go to all day Kindergarten and make ungraded K-3; but that would run up into Southern Association regulations regarding the need for guidance counselors. The Southern Association regulations are more liberal than the DMP, but now that we're not following the DMP, those regs are more visible.

Deregulation and Taking Risks

Deregulation clarifies barriers to change. It makes evident which factors relate to regulation and which do not and surfaces constraints not perceived when regulation is present. It does not appear to eliminate barriers that are self-imposed or to prove sufficient stimulus for those who, for whatever reason, are hesitant to change.

It may be that conventional wisdom holds with deregulation as with much of life: Some people are willing to risk change and some are not. However, there is not as much risk-avoidance among deregulated schools as one would expect, given that they are already very successful. Their very eligibility for deregulation means these schools are achieving top honors by the state's current measures of success. They are flourishing, either despite or because of the DMP. It might be expected that they would be reluctant to break out of DMP constraints, to change, to fix what was not broken. Although some were reluctant (one principal said that "The stability of deregulated status is always in the back of my mind"), at least two-thirds were not. And, although it is difficult to judge the depth, significance, extent and staying power of initial activities reported by principals, some of the changes (e.g., integration of subjects and ungraded primaries) are among those reformers throughout the nation currently view as promising.

Some of the explanation for risk-taking behavior may relate to what the schools would actually be risking if they lost their reward status. The fact is that incentive reward money has traditionally been viewed as transitory by these schools. A significant amount of money, averaging $30.00 per pupil in 1989 and ranging from several hundred dollars in small schools to more than $70,000 in the largest schools,[11] it was rarely used by schools to support personnel or continuing programs. Over 90 percent of the funds are used to purchase materials or computers, much like funds from other programs providing discretionary grants to schools, such as Chapter 2 of ESEA.

Another factor influencing school activity may be the availability of technical assistance. Target 2000 created the South Carolina Center for the Advancement of Teaching and School Leadership. A consortium of all 26 higher education institutions

operating state-accredited teacher education programs was awarded the center as a result of a grant competition. The center's purpose is to foster school reform and restructuring through training programs, technical assistance, networking, research support and other activities. All deregulated schools were invited to submit proposals to be named "associate schools" of the center, making them eligible for small grants to support school-level change. Ten schools were named in August 1990 as associates for the 1990-91 school year; up to 60 schools were to be included by the end of the 1991-1992 school year.

While opportunity to gauge the reaction of non-deregulated schools to the program was limited, there are some indications that personnel in ineligible schools perceive the program to be less than entirely fair. For example, a high school principal complained that his school's placement in the top comparison band for granting incentive rewards was inaccurate (high school students frequently don't request free lunch which is the major measure of poverty) and forced him to compete with much more affluent schools. While such principals would like to see deregulation more broadly applied, they tended to concur with the belief expressed by most that regulation serves some important functions in a state with wide varieties in capacity and willingness to support education. As a principal undertaking several deregulation related activities said, "You need regulation for low-performing areas of the state; not everyplace is progressive."

A subject of discussion in the state is whether the time for such strict regulation has passed—whether it has achieved all the bootstrapping it can—for most districts. Some local personnel see regulation as necessary only for the most seriously impaired and would exempt all other schools from the DMP, not just the highest performing.

Other Deregulatory Programs

Aside from the provisions of the flexibility program, the Target 2000 plan contains several components that allow waiving of some regulations. These components are briefly discussed in this section.

School Innovation Grants. The school innovation grant program led to 42 planning grants for the 1990 school year. Grants averaged $4,645 with a total amount of $195,077 awarded for planning grants. In addition, 31 projects were awarded implementation grants. The grants ranged from $10,573 to $90,000 and the total amount awarded was $1,274,344. There were two waivers requested for the 1990 year, both for DMP subject-time requirements. For the 1991 school year, 37 planning grants were awarded. The average grant was $4,898 and the total amount awarded was $181,216. Forty implementation projects were awarded grants for 1991. The grants ranged from $9,550 to $90,000 with a total appropriation of $1,825,347.

Both planning and implementation projects cover a wide variety of areas. These include professional development, facility expansion such as libraries and computer labs, community involvement curriculum restructuring, remediation activities, enrichment activities, dropout and at-risk programs, and cultural activities. During the first two years of the innovative grant program, of the 71 schools that were funded for implementation of innovations only 4 of included waivers. Those waivers dealt mainly with the DMP time requirements.

Dropout Grants. It was originally intended that 20 projects would be funded in 1990 and 20 the following year. Five projects each year would be at the district level. A district project must be in at least three schools and encompass at least two organization levels. The remaining 15 grants would go to individual schools—5 each to high schools, middle schools, and elementary schools. Because some projects did not ask for the maximum available funding, 3 additional secondary school projects, 2 additional middle school projects, and 2 additional elementary school projects were funded in the 1990 school year, with a total appropriation of $3,722,950. For year two of the program, all existing projects were continued. There was also 1 additional district project, 1 additional secondary school project, 2 additional middle school projects, and 1 additional elementary school project, for a total appropriation of $4,900,000.

For the first year of the program, there were 6 waivers granted immediately—3 for subject area certification requirements, 1 for an on-site library requirement, 1 to allow 8th graders to enroll in and receive credit for pre-vocational education, and 1 to allow one half unit of credit for summer intramural sports program. Four waiver requests were not granted as the program options were already permitted under DMP standards. Over the first two years of program implementation, approximately 15 waivers were granted.

Restructuring. In June 1990, the state board took action that would make deregulation available to additional schools. It adopted a school restructuring proposal to extend regulatory flexibility to non-deregulated schools that do not qualify for Target 2000 competitive grant funds, because state educators' interest in implementing innovative programs for general school populations and at-risk students far exceeded available funds. Under a proposal, negotiation, and approval process that includes review of specific waiver requests, six districts successfully applied for restructuring waivers. The waivers granted ranged from 1 to 14; all six districts requested exemption from some of the minimum time requirements in specific subjects.

Conclusion

During the 1980s, South Carolina, along with nearly every state in the nation, saw substantial state policymaking aimed at improving public education. Many states raised standards in an effort to ensure that all students and teachers met minimum levels of performance or achievement. But South Carolina's 1983 Education Improvement Act was one of the more far-reaching reforms enacted in this country during the 1980s.

One of the strengths of the EIA was the integration of its various strategies around a clearly defined goal—raising minimum performance. The political process, surrounding EIA's development, passage and implementation accounts in large measure for its coherence as a reform approach. This process included strong leadership, intensive public information efforts, and the active involvement of citizens and stakeholders.

Another strength of the EIA was its built-in provisions for continued support of the program. Funding, oversight, and evaluation mechanisms were geared to keep public attention focused on education reform. As a result, no pressure was brought to follow EIA with other education reforms within its first five years of implementation. Instead, EIA was given time to work and its focus was maintained. This steady focus helped South Carolina avoid much of the shifting of emphasis and proliferation of new (and often conflicting) policies and projects experienced by other states during the 1980s.[12] The structure built for the EIA has served as a foundation for further reform efforts.

In 1989, the legislature passed Target 2000, which may be seen as a step in an evolution toward improvement in more complex instructional areas and more school-based change. Target 2000 was developed by members of the various EIA oversight bodies and created additional responsibilities for these groups.

Target 2000's Flexibility through Deregulation Program eliminated large segments of basic regulation for the highest performing schools. One of the goals of the flexibility program is to encourage innovation and school-based change. Although the highest performing schools were already successful and would risk school incentive reward money if they were no longer top achievers, many undertook significant changes as a result of deregulation. In creating interdisciplinary courses, multi-age groupings and other new approaches, principals of the deregulated schools found the absence of regulation stimulating and liberating. Many principals made changes after deregulation that in fact would have been possible before deregulation.

There is some evidence that smaller schools were more adventurous in their experimentation and that the role of the district is important in providing expectations and/or assistance.

Target 2000 also includes provisions for rule-by-rule waivers through competitive grants; in 1990, South Carolina's state board made deregulation available to non-reward winners on an approval basis. Comparisons of the various approaches to deregulation suggest that few schools were taking advantage of rule-by-rule waivers but many reported changes in the wake of blanket waivers, which exempt schools from a set of rules at once.

South Carolina was the first state with a significant blanket deregulation approach. Since the program is new, we do not know if the promising effects on school experimentation are more than short-term and whether they will be sustained over time. However, the stimulus provided by the blanket program, as compared to past opportunities to seek waivers and the waiver opportunities provided by the competitive grant programs, is sufficiently impressive to suggest that blanket approaches offer more promise than rule-by-rule approaches in stimulating innovation.

Six years after the passage of the EIA and less than one year after enactment of Target 2000, there appeared to have been progress on many fronts. According to a 1990 report by the South Carolina State Board of Education, Division of Public Accountability,[13] there has been progress in improving student performance over time, changing school operations as a result of specific EIA provisions and gaining positive public response to the state's reform efforts. However, education reformers in South Carolina still face great challenges. According to the report:

> In 1990, there is evidence on multiple indicators that student performance has either "leveled off" or decreased after years of steady improvement. . . . Effort should be renewed by education, legislative, and business sectors to strengthen the commitment to the improvement of education in terms of application of resources to increase the productivity of students, teachers and administrators. Goals for improved student performance, similar to those established by key business leaders in 1983, need to be established for a new five-year plan.[14]

The report also calls for added emphasis to be given to evaluating the results of the EIA and Target 2000 and developing appropriate indicators of the efficiency and effectiveness of the state's education system.

Notes

1. For a full discussion of state approaches to treating districts differently, see Susan H. Fuhrman (with Patti Fry), *Diversity Amidst Standardization: State Differential Treatment of Districts* (New Brunswick, NJ: Rutgers University, Center for Policy Research in Education, 1989). State differential treatment programs are also explored in an analytic paper by Susan H. Fuhrman and Richard F. Elmore, *Takeover and Deregulation: Working Models of New State and Local Regulatory Relationships* (New Brunswick, NJ: Rutgers University, Consortium for Policy Research in Education, 1992). The paper draws from this study of South Carolina's flexibility program and three additional studies also published by CPRE: *Schools for the 21st Century Program in Washington State: A Case Study*, *Kentucky's Program for Educationally Deficient School Districts: A Case Study*, and *State Takeover of a Local School District in New Jersey: A Case Study*.

2. "Texas: Schools Given Freedom to Improve Achievement," *Daily Report Card: The National Update on America's Education Goals*, On-line newsletter, (Falls Church, VA: American Political Network, Inc., 24 January 1992).

3. The source for school statistics cited here is South Carolina State Board of Education, Division of Public Accountability, *What ūs the Penny Buying for South Carolina?* (Columbia, SC: Author, 1990).

4. Background information on the state was derived from three sources: (1) Sharon A. Bobbitt and Frank H. Johnson, *Key Statistics for Public and Private Elementary and Secondary Education: School Year 1990-91*, National Center for Education Statistics Survey Report (Washington, DC: Office of Educational Research and Improvement, December 1990); (2) National Center for Education Statistics, E.D. TABS: *Public Elementary and Secondary State Aggregate Data, by State, for School Year 1989-90 and Fiscal Year 1989*, (Washington, DC: Office of Educational Research and Improvement, April 1991); and (3) Edith R. Hornor, edl., *Almanac of the 50 States: Basic Data Profiles with Comparative Tables* (Palo Alto, CA:: Information Publications, 1990).

5. For discussions of state reform in the 1980s see William A. Firestone, Susan H. Fuhrman, and Michael W. Kirst, *The Progress of Reform: An Appraisal of State Education Initiatives* (New Brunswick, NJ: Rutgers University, Center for Policy Research in Education, 1989), and William A. Firestone, Sheila Rosenblum, Beth D. Bader, and Diane Massell, *Education Refform from 1983 to 1990: State Action and District Response* (New Brunswick, NJ: Rutgers University, Consortium for Policy Research in Education, 1991).

6. Schools are grouped into five categories. Group membership is determined by a multiple regression equation using four possible predictors of achievement: percent of students participating in free lunch programs; educational level of teachers beyond a B.A.

degree; local funding beyond the required minimum; and percent of students meeting or exceeding the readiness standard on the Cognitive Skills Assessment Battery. Approximately a quarter of the schools with the highest achievement gains in each of the groups receives an incentive reward.

7. Diane L. August, "State Education Reform: A Tale of Four States," unpublished manuscript prepared for the Annie P. Casey Foundation, Greenwich, CT, 1991.

8. Annual education reports include: *What is the Penny Buying for South Carolina?* by the Division of Public Accountability of the State Board of Education and *An Evaluation of the Educational Progress from South Carolina's Education Improvement Efforts* by the Blue Ribbon Committees.

9. South Carolina Department of Education, Office of School District Accreditation and Assessment, *Flexibility through Deregulation Program: Proposed Regulations and Program Guidelines*, Draft, (Columbia, SC: Author, 29 September 1989): 13.

10. The information in this section draws on two sources: (1) A survey was undertaken by the Consortium for Policy Research in Education with the cooperation of the South Carolina Department of Education, Division of Public Accountability. Questionnaires were mailed in September, 1990 to principals of all schools then qualifying for the deregulation program. These schools are overwhelmingly elementary (72 percent) and had a mean enrollment of 660 students. A total of 125 surveys were mailed; 70 principals responded, providing a response rate of 56 percent. (2) Interviews were conducted in March 1991 with principals in 10 eligible schools and 3 ineligible schools. Central office and state agency personnel were also interviewed.

11. South Carolina State Department of Education, *South Carolina School Incentive Reward Program*, 1989.

12. For discussions of policy fragmentation and busyness in the 1980s, see Susan H. Fuhrman, William H. Clune, and Richard F. Elmore, "Research on Education Reform: Lessons on the Implementation of Policy," *Teachers College Record* 90, No. 2, (1988): 237-58; Susan H. Fuhrman, and Richard F. Elmore, "Understanding Local Control in the Wake of State Education Reform," *Educational Evaluation and Policy Analysis* 12, No. 1 (Spring 1990): 82-96; and Marshall S. Smith and Jennifer O'Day, "Systemic School Reform," *Politics of Education Association Yearbook 1990* (London: Taylor & Francis Ltd., 1990), 233-267.

13. South Carolina State Board of Education, *What Is the Penny Buying*, 2.

14. South Carolina State Board of Education, *What Is the Penny Buying*, 63.